

RESOLUTION NO. _____

WHEREAS the City Council of the City of Ingleside, Texas ("City") on April 9, 2015 approved a 380 Agreement with the developer of Seaside Landing Apartments and authorized the Mayor to sign a written agreement with Seaside, which the Mayor has done;

WHEREAS, the Council has determined that establishing and approving the economic development program, "Chapter 380 Economic Development Program", presented to it even date herewith giving economic incentives for the development of Seaside land for residential apartments is consistent with the agreement and that the program and agreement will provide needed housing for current and future workers and thereby promote local economic development and stimulate business and commercial activity in Ingleside, as authorized by Section 380.001 Texas Local Government Code;

WHEREAS, the Council has considered and determined that the "Chapter 380 Economic Development Program Agreement" with Ingleside Seaside Landing Apartments, L.P. concerning the development of the Seaside Landing Apartments in the form presented to it even date herewith, which agreement has, in accordance with the Councils April 9, 2015 action, been signed by the Mayor, will achieve the ends of the program.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ingleside, Texas as follows:

1. The Council ratifies its aforesaid April 9, 2015 action.

2. The Council approves the "Chapter 380 Economic Development Program" presented to it even date herewith.
3. The Council approves the "Chapter 380 Economic Development Program Agreement" with Ingleside Seaside Landing Apartments, L.P. concerning the development of the Seaside Landing Apartments presented to it even date herewith.

Resolved this _____ day of _____, 20____.

Pete Perkins, Mayor

ATTEST:

Kimberly Sampson, City Secretary

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM

This Chapter 380 Economic Development Program (hereinafter referred to as the "Program") is for the development of the property particularly hereinafter described (the "Property") located in the City of Ingleside, Texas (the "City").

1. Authorization. This Program is authorized by Chapter 380 of the Texas Local Government Code, as amended, and is subject to the laws of the State of Texas and the charter and ordinances of the City.

2. Purpose. The City is committed to the promotion of development throughout the City and to an ongoing improvement in the quality of life for its citizens. This Program is established to provide rental apartment housing to attract new businesses and residents to the City and to thereby develop and expand the City's economy which will create additional revenue for the City. The City will provide incentives in accordance with the procedures and criteria outlined in this document.

3. Definitions. As used in this Program, the following terms shall have the meanings set forth below:

(a) "Improvements" means the apartment buildings and related improvements, including fixed machinery and equipment, used for housing purposes on the Property in the manner determined for taxation of improvements by the San Patricio County Appraisal District.

(b) "Property" means the land described as follows, together with the improvements and any personal property located thereon:

Lot 3, Block 1, Seaside Landing Apartments, a subdivision to the City of Ingleside, San Patricio County, Texas as shown by map or plat recorded under Envelope 1627-1628, Tube 341, Map Records, San Patricio County, Texas

(c) "Project" means the land, improvements and personal property developed and operated by the Owner on the Property as a residential apartment complex.

4. Economic Incentives. The economic incentives shall be discounted development fees.

5. Conditions of Economic Incentives. As conditions of receiving any economic incentive: (a) Owner shall fully and timely pay all ad valorem taxes due and payable concerning the Property according to the assessments finally established by the San Patricio County Appraisal District in accordance with all of the applicable procedures under the Texas Tax Code and any other applicable State law, if any; (b) Owner must comply with any economic incentive agreement between the City and the Owner.

6. Contemplated Development. The Owner must operate and develop the Project as required herein, for the purpose, and in the manner set forth in an economic incentive agreement with the City.

7. Deleted.

8. Default and Termination of Incentives. In the event the Owner defaults in performance of obligations of an economic incentive agreement with the City, the City shall be entitled to cancel the economic incentive discounts and prior incentives granted by the City to the Owner will be subject to recapture or clawback.

9. Administration.

(a) Inspections. The Owner shall allow employees and/or representatives of the City to have access to the Property during the Program to inspect the Project to determine compliance with the terms and conditions of this Program and any agreement with the City. All inspections shall be conducted in accordance with an economic incentive agreement.

(b) Annual Reports. The Owner shall provide the City annual reports in accordance with the terms of an economic incentive agreement.

(c) "Buy Local" Provision. The Owner will give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency.

CERTIFICATION

I certify that the above Program was presented to the City Council of the City of Ingleside, Texas and adopted by Resolution No. _____ of the City Council on the _____ day of _____, 2015.

Kimberly Sampson, City Secretary

CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT
SEASIDE LANDING APARTMENTS

This Chapter 380 Economic Development Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between the City of Ingleside, Texas (the "City") and Ingleside Seaside Landing Apartments, L.P. (the "Developer" or "Owner"), the developer of certain property in the City of Ingleside, Texas (the "Property").

Section 1. Authorization.

This Agreement is authorized by Chapter 380 of the Texas Local Government Code, as amended, and is subject to the laws of the State of Texas and the charter and ordinances of the City. The Owner wants to develop and operate the Property as a residential apartment complex which will be in the best interest of the City as it will promote growth and development and expand job opportunities by the provision of housing to workers, both present and future. The City is committed to the promotion of development throughout the City and to an ongoing improvement in the quality of life for its citizens. This Agreement is designed to develop and expand the City's economy by promoting the development and operation of the Property as an apartment complex providing worker housing, thereby promoting the expansion of business opportunities which will create additional revenue for the City.

Section 2. Definitions.

As used in this Agreement, the following terms shall have the meanings set forth below:

- (a) "Improvements" means the buildings and other improvements, including fixed machinery and equipment, used for residential apartment house purposes on the Property.
- (b) "Property" means the land more particularly hereinafter described, together with the improvements and personal property of Developer located thereon:

Lot 3, Block 1, Seaside Landing Apartments, a subdivision to the City of Ingleside, San Patricio County, Texas as shown by map or plat recorded under Envelope 1627-1628, Tube 341, Map Records, San Patricio County, Texas

- (c) "Project" means the land, improvements and personal property, to be installed, built and operated by Developer as more particularly hereinafter described.

Section 3. Project Description.

The Property is presently unimproved.

Owner will develop the Property as an apartment house project consisting of no less than 8 individual buildings containing no less than 120 rental dwelling units, including 32 one bedroom units of 701 square feet each, 48 two bedroom units of 1002 square feet each, and 40 three bedroom units of 1228 square feet each, all tenancies being in excess of 30 continuous days duration, a stand-alone leasing office/recreation center, pool and fitness room, entry signage and

landscaping.

Section 4. Development Schedule.

Owner will adhere to the following Development Schedule:

Development Step 3. October 31, 2016 By this date, the entire Project shall have been completed and Certificate of Occupancy issued for all

Development Step 2. September 15, 2016 By this date, at least $\frac{1}{4}$ of the entire Project, including 30 units, shall have been completed and Certificate of Occupancy issued for such units

Development Step 1. May 15, 2015 By this date, building permits shall have been secured for the entire Project and construction shall have been commenced

Owner covenants that the Improvements will be such that they will be worth no less than \$11,757,000.00 on September 15, 2016 (Development Step 2) and \$12,680,000.00 on October 31, 2016 (Development Step 3).

"The Development Schedule will be extended for such periods of time as construction is delayed due to acts of God, casualty, weather delays, unavailability or delays in delivery of materials or equipment and other events not within Owner's control."

Section 5. Economic Incentives.

- (a) If and so long as Owner is not in default in the performance of its obligations hereunder, City will discount the following estimated project development fees in the amount shown to be discounted as to each, leaving Owner to pay that portion of each such fee which is not discounted, all as illustrated below.

	<i>Development Fee (Estimated)</i>	<i>Discount</i>	<i>Seaside to Pay (Estimated)</i>
Permitting Fees	\$78,202.38	\$50,000.00	\$28,202.38
Impact Fees	\$206,775.72	\$0	\$206,775.72
Park Dedication Fees	\$8,264.46	\$5,000.00	\$3,264.46
Water Meter Fees	\$20,969.20	\$20,969.20	\$0
Totals	\$314,211.76	\$75,969.00	\$238,242.56

- (b) The discount may not exceed the development fee with respect to which the discount is granted. If the development fee, now estimated, ends up being less than the discount shown above with respect to such fee, the discount shall be reduced to the lesser of the two.
- (c) The development fees are estimated totals to be assessed from Project beginning to end. If a fee to be discounted is not assessed all at one time and is instead assessed at different

times in two or more increments during the development process, the discount shall be granted proportionately.

Section 6. Deleted.

Section 7. Operation of the Project.

Owner will develop and operate the Project, for the purpose, and in the manner as set forth in the above Project Description. Owner will develop and operate the Project in a good and professional manner so as to ensure that it will serve as a catalyst for neighborhood improvements and provide new housing units for the burgeoning industrial job market in Ingleside and the surrounding area. Owner will implement a pre-leasing program for job creating industries in the Ingleside area.

Section 8. Cancellation and Refund Payment of Discounts.

Upon the occurrence of any of the following events, the City obligation to grant discounts which have not already been granted shall cease and any discount which has already been granted shall be immediately paid by Owner to City in the principal amount originally granted, plus interest thereon from the date granted until paid at the rate of 5% per annum.

- (a) Delinquent Taxes. Owner, at any time within 2 years after the effective date of this Agreement, allows its ad valorem taxes to become delinquent. "... and does not pay such

taxes within 15 days after written notice from City to Owner of nonpayment of same by Owner or Owner's lender."

- (b) Bankruptcy. At any time before completion of the project: a petition in bankruptcy is filed by Owner; or Owner makes an assignment for the benefit of creditors; or an involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against Owner; or a receiver is appointed for the business of Owner.
- (c) Default. Owner, at any time within 2 years after the effective date of this Agreement, defaults in the performance of any of its obligations under this Agreement, and City gives Owner written notice of the default, and default is not cured within thirty (30) days from the date of such notice. This subpart (c) does not apply to situations addressed under (a) and (b) above.

Section 9. Administration.

- (a) Inspections. Owner shall allow employees and/or representatives of the City to have access to the Property during the term of this Agreement until completion of project to inspect the Project to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and only will be conducted in such manner as not to unreasonably interfere with the construction and/or operation of the Project. All inspections will be made with

one or more representatives of Developer and in accordance with Owner's safety standards.

- (b) Annual Reports. On written request of the City made at any time or times within 2 years after the effective date of this Agreement, Owner shall certify to the governing body of the City that Owner is in compliance with each applicable term of this Agreement, and provide to the City reports covering those items listed below in order to document the efforts of the Owner to acquire goods and services on a local basis. These items shall be submitted to the City no later than thirty (30) days after request is made. Such a report may not be required by the City any more than once each year.

- Dollar amount spent for materials (local).
- Dollar amount spent for materials (total).
- Dollar amount spent for labor (local).
- Dollar amount spent for labor (total).
- Number of jobs created in the construction project (local).
- Number of jobs created in the construction project (total).

"Materials" is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally or not available locally at competitive prices.

"Labor" is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the project design.

The term "local" is used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either San Patricio County, Nueces County, or Aransas County.

- (c) "Buy Local" Provision. Owner additionally agrees to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception cases involving purchases over \$20,000.00, a justification for such purchase shall be included in the annual report. Developer further acknowledges that it is a legal and moral obligation of persons receiving economic incentives to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in San Patricio County, Nueces County, or Aransas County.

Section 10. Assignment.

Owner may assign this Agreement with the prior written consent of the City. Which consent may not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor and become the Owner upon the same terms and conditions as set out in this Agreement. In the event more than one entity is Owner hereunder, the obligations of said entities shall be joint and several. No assignment shall be approved if the Owner or any assignee is indebted to the City for ad valorem taxes or other obligations.

Section 11. Notices.

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the City or Developer at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the City: CITY OF INGLESIDE, TEXAS
 2671 San Angelo
 Ingleside, Texas 78362
 Attn: City Manager

To the Owner:

INGLESIDE SEASIDE LANDING APARTMENTS, L.P.

2951 Fall Creek
Austin, TX 78028

Either party may designate a different address by giving the other party ten days' written notice.

Section 12. Enforcement. In the event of a dispute involving the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorney fees, court costs and related expenses incurred in enforcement hereof.

This Agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

The Effective Date of this Agreement is April 9, 2015.

ATTEST:

By: Kimberly Simpson
City Secretary

CITY:
CITY OF INGLESIDE, TEXAS

By: [Signature]
Pete Perkins, Mayor

DEVELOPER:
INGLESIDE SEASIDE LANDING
APARTMENTS, L.P.

By: Ingleside Seaside Landing Apartments,
GP, L.L.C.

By: [Signature]
Name: G. Granger MacDonald
Title: President